

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	California Municipal Finance Authority
Allocation Amount Requested:	Tax-exempt: \$5,500,000
Project Information:	Name: Kristen Court Apartments II Project Address: 9027 N Street Project City, County, Zip Code: Live Oak, Sutter, 95953
Project Sponsor Information:	Name: Live Oak Pacific Associates II, a California L.P. (TPC Holdings V, LLC and Sutter Community Affordable Housing) Principals: Caleb Roope for TPC Holdings V, LLC; Byrnda Stranix, Manny Cordoza and and Gustavo Becerra for Sutter Community Affordable Housing Property Management Company: Aperto Property Management, Inc.
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: Wells Fargo Bank, N.A./Rabobank, N.A. Cash Flow Permanent Bond: Not Applicable Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: December 28, 2018 TEFRA Adoption Date: January 16, 2019
Description of Proposed Project:	State Ceiling Pool: Rural Total Number of Units: 24 Manager's Units: 0* Type: New Construction Population Served: Family

*Management services will be provided through a staffing agreement with the adjacent phase I Kristen Court Apts.

Kristen Court Apartments II is a new construction project located in Live Oak on a 2.24-acre portion of a 3.6 acre site. The project consists of 24 restricted rental units. The project will have 12 two-bedroom units and 12 three-bedroom units. The site will include three (3) residential buildings and a laundry building. The construction will be wood frame supported by perimeter foundations with concrete slab flooring. Common amenities that are shared with Kristen Court Apartments Phase I include a community room and a kitchen, laundry facilities, exercise room, management offices, playground and a swimming pool. Each unit will have a refrigerator, range/oven, dishwasher, disposal, exhaust fans and a balcony or patio with storage space. The construction is expected to begin May 2019 and be completed in May 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (24 units) restricted to 50% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	9,597,531	
Estimated Hard Costs per Unit:	\$	226,200	(\$5,428,800 /24 units including mgr. units)
Estimated per Unit Cost:	\$	399,897	(\$9,597,531 /24 units including mgr. units)
Allocation per Unit:	\$	229,167	(\$5,500,000 /24 units including mgr. units)
Allocation per Restricted Rental Unit:	\$	229,167	(\$5,500,000 /24 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 5,500,000	\$ 350,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
Tranche B Financing	\$ 0	\$ 0
Taxable Bond Proceeds	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 368,153	\$ 3,681,531
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 870,382	\$ 351,000
Deferred Costs	\$ 118,996	\$ 0
Seller Carryback Loan	\$ 240,000	\$ 240,000
HCD HOME Funds	\$ 2,500,000	\$ 4,500,000
TPC Holdings V, LLC (GP Loan)	\$ 0	\$ 475,000
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Misc	\$ 0	\$ 0
Total Sources	\$ 9,597,531	\$ 9,597,531

Uses of Funds:	
Land Cost/Acquisition	\$ 240,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 5,819,528
Contractor Overhead & Profit	\$ 434,304
Architectural Fees	\$ 200,000
Survey and Engineering	\$ 145,000
Construction Interest and Fees	\$ 350,750
Permanent Financing	\$ 210,000
Legal Fees	\$ 70,000
Reserves	\$ 56,070
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 310,000
Local Development Impact Fees	\$ 618,582
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 262,915
Developer Costs	\$ 870,382
Total Uses	\$ 9,597,531

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

70 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,500,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	70